GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1480
ANSWERED ON:11.12.2003
PROBLEM IN POWER SECTOR
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Will the Minister of POWER be pleased to state:

(a) whether it is a fact that power sector has been suffering from serious problems which have been identified ten years ago but no corrective action has been taken so far;

(b) if so, whether as a result, the power sector faces an imminent crisis in almost all States;

(c) whether no State Electricity Board is recovering the full cost of power supplieddue to which they are making continuous losses; and

(d) if so, the steps taken to check the losses of SEBs?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER(SHRIMATI JAYAWANTI MEHTA)

(a) to (d) : State Electricity Boards (SEBs)/Power Utilities, have been suffering fromserious problem due to loss incurred in their operation because of gap in cost of supply and revenue collection. The major factor responsible for such losses inter alia include theft of power, high technical losses, over staffing in utilities, poor metering, billing and collection, irrational tariff and non-payment of subsidies by the Government.

The Government has initiated various steps to revive the poor financialhealth of SEBs/Power Utilities.The Ministry of Power has signed Memorandum of Understanding (MoU)/Memorandum of Agreement (MoA) with States on power sectorreform envisaging support of Central Government subject to States progressingsatisfactorily on agreed reform agenda. Under the Accelerated Power Development and Reforms Programme (APDRP), Government is providing financial assistance for specificprojects aimed at reducing Aggregate Transmission and Commercial Losses. This hasbeen combined with a provision of a grant to the States linked to the actual reduction in losses. Past dues of SEBs due to Central Public Sector Undertakings have beensecuritized under tripartite agreements.

Earlier some states had enacted their Electricity Reforms Acts.To provide a national level legal frame work for liberalization and reform of electricity industry, the Electricity Act, 2003 has been enacted. Under the Electricity Act, 2003, retail tariff is to be determined by the State Electricity Regulatory Commissions. The regulatory commissions while determining the tariff shall be guided, inter-alia, by the principle of recovery of the cost of electricity in a reasonable manner.

These steps have started showing definite signs of improvement in the functioning of SEBs/power utilities.In the year 2001-2002 four States namely Gujarat, Maharashtra, Haryana and Rajasthan have shownaggregate cash loss reduction. In addition ten States namely, Andhra Pradesh, Assam, Gujarat, Madhya Pradesh, Maharashtra, Tamil Nadu, Uttar Pradesh, Himachal Pradesh, Kerala and West Bengal have reported deduction in over all losses during the year 2002-2003.